

Bankrupt Thames Water demands rate hikes as UK waterways flooded with sewage

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Debt-stricken utility company Thames Water, which serves 16 million in London and South East England, is demanding a taxpayer bailout or an increase in customer bills of 59 percent a year by 2030 to keep afloat—while it continues the criminal practice of pumping raw sewage into the environment.

On Thursday, the Labour government led by Sir Keir Starmer tabled its new Water (Special Measures) Bill in parliament, promising to end “years of neglect” with threats to bonuses, of fines and imprisonment.

Lack of investment driven by the thirst for ever-increasing profits has led to a situation where the basic sanitation infrastructure introduced by the Victorians is at breaking point—which a Labour government will not reverse.

Thames Water, only the worst offender, initially approached price regulator Ofwat for a 44 percent hike in household bills. Ofwat’s final decision is due in December, though it suggested a figure of 22 percent.

The company, according to the *Guardian*, asked the government to sidestep Ofwat, permit the price hike and help it avoid administration by underwriting its debts—to prevent a “chilling effect” on the UK’s attractiveness to global investment. Indebted to the tune of £15 billion, it says money will run out by June next year.

Thames Water is one of ten regionally based water companies formed in 1989 after the privatisation blitz begun under the Thatcher government (1979-90), with Ofwat created supposedly to curb the excessive rapaciousness of investors and CEOs. The consequences for the environment and potentially for human health have been catastrophic.

Last year, sewage spills into rivers and seas around England hit a record 477,000 incidents totalling over 4 million hours, an increase of 58 percent from the previous year.

In May 2023, the government’s Environment Agency

reported that only 16 percent of surface water assessed in and around England was of “good” ecological status. This included 14 percent of rivers and lakes, 19 percent of estuaries and 45 percent of coastal waters.

Since 2020, Thames Water, the largest water company in the UK, has poured 72 billion litres of sewage into the River Thames—the equivalent of 20 Olympic-sized swimming pools. The company is currently owned by a consortium including Canadian pension funds, the UK university lecturer’s pension fund, a subsidiary of the Abu Dhabi Investment Authority and the China Investment Corporation. Its previous owner was Australian infrastructure asset management Macquarie.

Thames Water is not unique. In May, a faulty valve in Pennon Group-owned Southwest Water’s system led to the pollution of the water supply with the parasite *Cryptosporidium*. Thousands of residents in Devon had to drink bottled water.

The end of August saw further contamination of Lake Windermere in the Lake District by United Utilities.

Sewage was discharged from Hawkshead Pumping Station via Esthwaite Water, and Near Sawrey Waste Water Treatment Works via Cunsey Beck, for seven days continuously. Last year, the lake was subjected to 8,787 hours of raw sewage spills, according to the Save Windermere Campaign which has been protesting pollution for three years.

The Lake District is an area of outstanding natural beauty, an attraction for thousands from all over the world, a jewel in the north of England and inspiration to poets including William Wordsworth (1770-1850) and Samuel Coleridge Taylor (1772-1834) and art critic and historian John Ruskin (1819-1900).

Esthwaite Water is a grade one site of Special Scientific Interest with its “nationally scarce” invertebrate fauna and plants.

A spokesperson from the company responsible, United

Utilities, said, “Storm overflows are designed to operate during heavy rainfall, like that seen in the Lake District over recent days...” Founder of the Save Windermere Campaign Matt Staniek disputed that the recent heavy rainfalls fell within the parameters designated “exceptional circumstances” when overflows into waterways are permitted.

The UK has in the main a combined sewerage system, so that both rainwater and household wastewater from toilets, bathrooms and kitchens travel through the same pipes to a sewage treatment works.

During exceptionally heavy rainfall excess capacity is directed into rivers and the sea through stormflows to avoid flooding homes, towns, roads and agricultural land or overwhelming water treatment plants. Wastewater treatment plants and waterpipes, however, have not been properly maintained and upgraded to deal with the extra water capacity which occurs now not as an exception, but on a regular basis—in substantial part due to climate change.

The Met Office reported in its annual State of Climate report that the UK is experiencing more hotter and wetter days, threatening the delicately balanced ecosystem as well as agriculture. The report noted that 2023 was the seventh wettest year since 1836.

Ofwat has revealed that some companies are also “routinely releasing sewage” regardless of the weather.

A BBC investigation found evidence of 6,000 potential dry spills (no rain) by England’s water companies in 2022, some of which occurred during the summer heatwave, thus putting swimmers cooling off in danger of harmful pathogens. Parents are routinely warned to dissuade children from paddling in shallow rivers.

After its investigation into illegal sewage dumping, Ofwat suggested fines totalling £168 million for Thames Water, Yorkshire Water and Northumbrian Water. These fines, however, would doubtless be passed onto customers, or paid for by taking on yet more debt or abandoning even more essential maintenance.

Research by the *Financial Times* found water companies in England and Wales increased their net debt by £8.2 billion since 2021, while paying out £2.5 billion in dividends.

Before privatisation, the ten regional water authorities were debt free. In the period 1991-2023, profits to shareholders totalled £78 billion, almost half the £190 billion spent on infrastructure, and debt grew to £64 billion. While customer bills rose by 40 percent, 22 water company executives were rewarded £24. 8 million in

2022 presiding over this mess. Thames Water alone has paid out £7.2 billion to shareholders since 1990.

Announcing Labour’s new Water Bill, Secretary of State for Environment, Food and Rural Affairs, Steve Reed, declared, “Under this Government, water executives will no longer line their own pockets whilst pumping out this filth. If they refuse to comply, they could end up in the dock and face prison time.”

But these are hollow promises, made to assuage public anger. Politician’s attitude to corporate criminality has been demonstrated sharply by the recent final report of the inquiry into the Grenfell Tower fire—in which 72 people were killed and for which no one has been held criminally responsible.

Charles Watson, founder of campaign group River Action, said, “If the secretary of state believes that the few one-off actions announced today, such as curtailing bosses’ bonuses—however appealing they may sound—are going to fix the underlying causes of our poisoned waterways, then he needs to think again.”

According to industry body Water UK, £104.5 billion is needed to update the long-neglected infrastructure, which it insists must be paid for by households.

This private ransacking and pollution of public infrastructure and environments cannot be allowed to continue. The water companies must be immediately brought into public ownership without compensation to their shareholders who have spent years getting rich by running down the water and sewage system. The necessary billions—taken from the super-rich—must be provided to bring sanitation to the standards required by society in the twenty-first century, under the challenging conditions posed by climate change.

Labour’s programme is for the opposite. Since coming into office, the government has made clear its opposition to any reforms and pledged to continue with austerity, starting with plugging a £22 billion “black hole” in public finances, all while promising increased spending on the military.



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